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FM AMEMBASSY BERN
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DEPT FOR ISN/MTR (J.P.HERRMANN) AND EUR/AGS (Y.SAINT-ANDRE)

E.O. 12958: DECL: 03/11/2033

TAGS: PARM MTCRE PREL MNUC ETTC IR SZ

SUBJECT: SWISS GOVERNMENT RESPONSE TO USG INFORMATION THAT SWISS FIRM SCHAUBLIN MACHINES SA EXPORTED MACHINE TOOLS TO IRAN IN 2006 (S)

REF: A. BERN 71
B. STATE 13055

Classified By: Poloff Chris Buck; reasons 1.4(b), (d), and (h).

11. (S) On March 5, Othmar Wyss, Director of the Export Controls and Sanctions Division of the Swiss State Secretariat for Economic Affairs (SECO), provided poloff the

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GOS response, in the form of a non-paper, to USG information (reftels A and B) indicating that Swiss firm Schaublin Machines SA exported machine tools to Iran in 2006.

According to the Swiss non-paper (copy provided in para 2 below), the shipments in question were all "examined and approved by SECO", but, "at the time of the licensing process, Switzerland had no information about any implication of Hamid Die Manufacturing into Iran's ballistic missile program." Per the non-paper, the GOS "would be grateful for any additional information on the subject." In presenting the non-paper, Wyss emphasized GOS scrutiny of Schaublin machine tool exports, and reiterated Switzerland's appreciation for USG information and cooperation on export control issues.

12. (S) BEGIN TEXT OF GOS NON-PAPER (as provided in English by SECO):

SCHAUBLIN MACHINES SA, an exporter of machine tools, works in close cooperation with SECO. The company is required to submit all planned exports to Iran and Pakistan, whether they are subject to international export controls or not.

Since 1998, Switzerland denied the export of 8 SCHAUBLIN turning machines and two planned shipments of spare parts to critical end-users in Iran. Switzerland also refused the exports of 6 turning machines to Syria and of 2 machine tools to Pakistan.

All denials were notified to Partners through the Point of Contact of NSG and MTCR.

The mentioned shipments of machine tools to HAMID DIE MANUFACTURING CO. through the intermediary company of SCHILLER NOVIN have all been examined and approved by SECO. At the time of the licensing process, Switzerland had no information about any implication of HAMID DIE MANUFACTURING into Iran's ballistic missile program. We would be grateful for any additional information on the subject.

We would like to stress that SECO has never granted an export license to SCHILLER NOVIN without establishing the legitimacy of the end-user of the goods to be shipped. Switzerland's export controls are based on end-use and end-user verification. Without a credible end-user, no license will be granted to any country not member of the international export control regimes.

We look forward to continued close cooperation on non-proliferation matters with the United States of America.

END TEXT OF GOS NON-PAPER.
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End Cable Text